LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6483 | **NOTE PREPARED:** Jan 30, 2006
BILL NUMBER: SB 229 | **BILL AMENDED:** Jan 30, 2006

SUBJECT: Independent College Self-Insurance Program.

FIRST AUTHOR: Sen. Lubbers | **BILL STATUS:** CR Adopted - 1st House
FIRST SPONSOR:

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill allows independent colleges and universities to enter into agreements to jointly self-insure certain retained risks under certain circumstances. It requires reports to the Department of Insurance.

Effective Date: July 1, 2006.

Explanation of State Expenditures: (Revised) The bill would allow independent colleges and universities to enter into agreements to jointly self-insure certain risks and purchase excess insurance coverage. The bill establishes the Independent Educational Institution Self-Insurance Consortium. The Consortium would consist of two or more Indiana private colleges and universities and would be able to self-insure the following risks:

1. Casualty insurance, including:
   a. Educator legal liability;
   b. Other liability; and
   c. Student accident.
2. Property insurance, including inland marine insurance.
3. Motor vehicle insurance.
4. Surety and fidelity insurance.
5. Umbrella and excess insurance.
6. Worker's compensation insurance.

The self-insurance fund must be actuarially sound and funded at the beginning of each fiscal year by a contribution that reflect the 100% of the self-insured risk retained by the Consortium, premiums for excess insurance coverage, and other costs of the consortium.

The consortium is subject to examination by the Department of Insurance (DOI).

An annual audit report and certified financial statements based on guidelines established by the DOI must be annually submitted to the DOI and the State Board of Accounts. If the Consortium fails to file the report within 180 days after the end of the fiscal year they are subject to a $50 per day civil fine until the required information is received by the Commissioner of Insurance.

The consortium could reduce the insurance costs to colleges and universities by allowing them to pool their risks.

The bill should not increase the expenditures of the Department of Insurance.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Private colleges and universities; Department of Insurance.

Local Agencies Affected:

Information Sources:

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